



27/04/2022

March 2022 Quarterly Activities Report

Skeleton Rocks (100% Sipa) Goldfields WA

- First assay results received from 138-hole, 3,425m aircore drill program
- Drilling tested interpreted greenstone units in favourable structural positions adjacent to a major regional fault
- No significant gold or other metal results received so far – bulk of assays still awaited
- Auger program over new target areas completed and pXRF data under review

Warralong (100% Sipa) Pilbara WA

- Assay results from an extensive surface sampling program carried out in 2021 have highlighted several key target areas for follow up work
- Target areas coincide with anomalous responses in remote sensing data
- Initial field checks and follow-up sampling have occurred and further detailed surface sampling completed

Uganda (100% Sipa, Staged Sale)

- Sale of Ugandan Nickel-Copper Project to London Stock Exchange listed Blencowe Resources Plc (Blencowe) through a staged option agreement
- The agreement allows for Blencowe to acquire progressive ownership of the project over four stages with a total minimum spend by Blencowe of US\$2.75m (A\$3.87m), and a total consideration of US\$1.5m (A\$2.1m) payable to Sipa in Blencowe shares

Corporate

- Sipa is well funded for its planned field activities with \$3.3M in cash at quarter end
- Tim Kennedy stepped down from his role as Non-Executive Director

Sipa Resources Limited (ASX: SRI) (“**Sipa**” or “the **Company**”) is pleased to provide its quarterly report for the three-month period ending 31st March 2021. During the period, the Company progressed several programs on its portfolio of Western Australian assets (Figure 1) and agreed to a staged sale of its Uganda Ni-Cu Project.

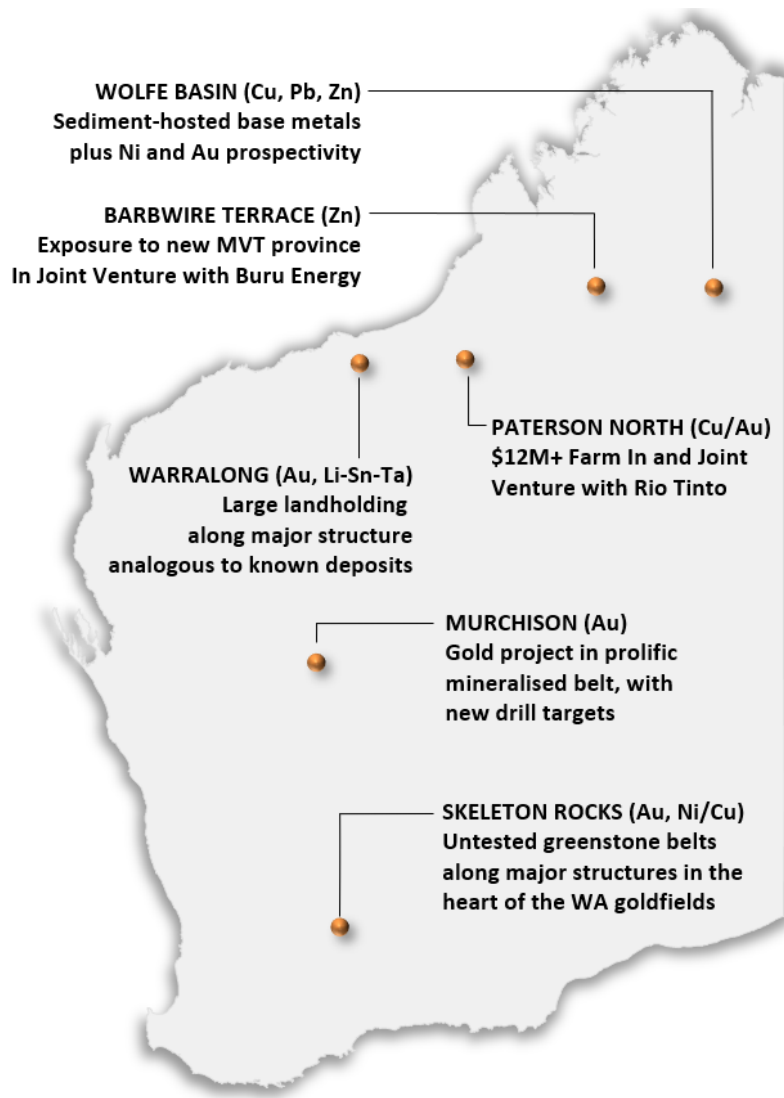


Figure 1: Sipa's Western Australian Project portfolio

Skeleton Rocks (100% Sipa)

First Assays from Aircore Drilling Program

During the Quarter Sipa completed its first drill program at the 100% owned Skeleton Rocks Project (ASX: SRI 8 March 2022). The 3,425m aircore drill program was designed to confirm the presence of inferred greenstone units prospective for gold, Ni-Cu and lithium mineralisation, and test them in favourable structural positions. Sipa received assay results from 10 of the 138 holes drilled (Figure 2, Figure 3) but no significant gold or other metal anomalism was returned. The remaining samples from the other 128 holes were still at the laboratory at quarter end and further results will be reported as they become available.

Drilling tested two of the initial targets generated from Sipa's detailed aeromagnetic surveys and recent auger soil samples (ASX: SRI 14 February 2022). Basement rocks in this area are obscured

under shallow cover, with a relatively thin residual weathering profile above fresh rock encountered in aircore drilling to blade refusal at typical depths of 10-25m. A hammer bit was used to penetrate deeper where units of particular interest were encountered. Of initial interest was the observation of quartz-pyrite +/- pyrrhotite veining associated with patchy biotite alteration and the relevant samples were therefore prioritised for assay.

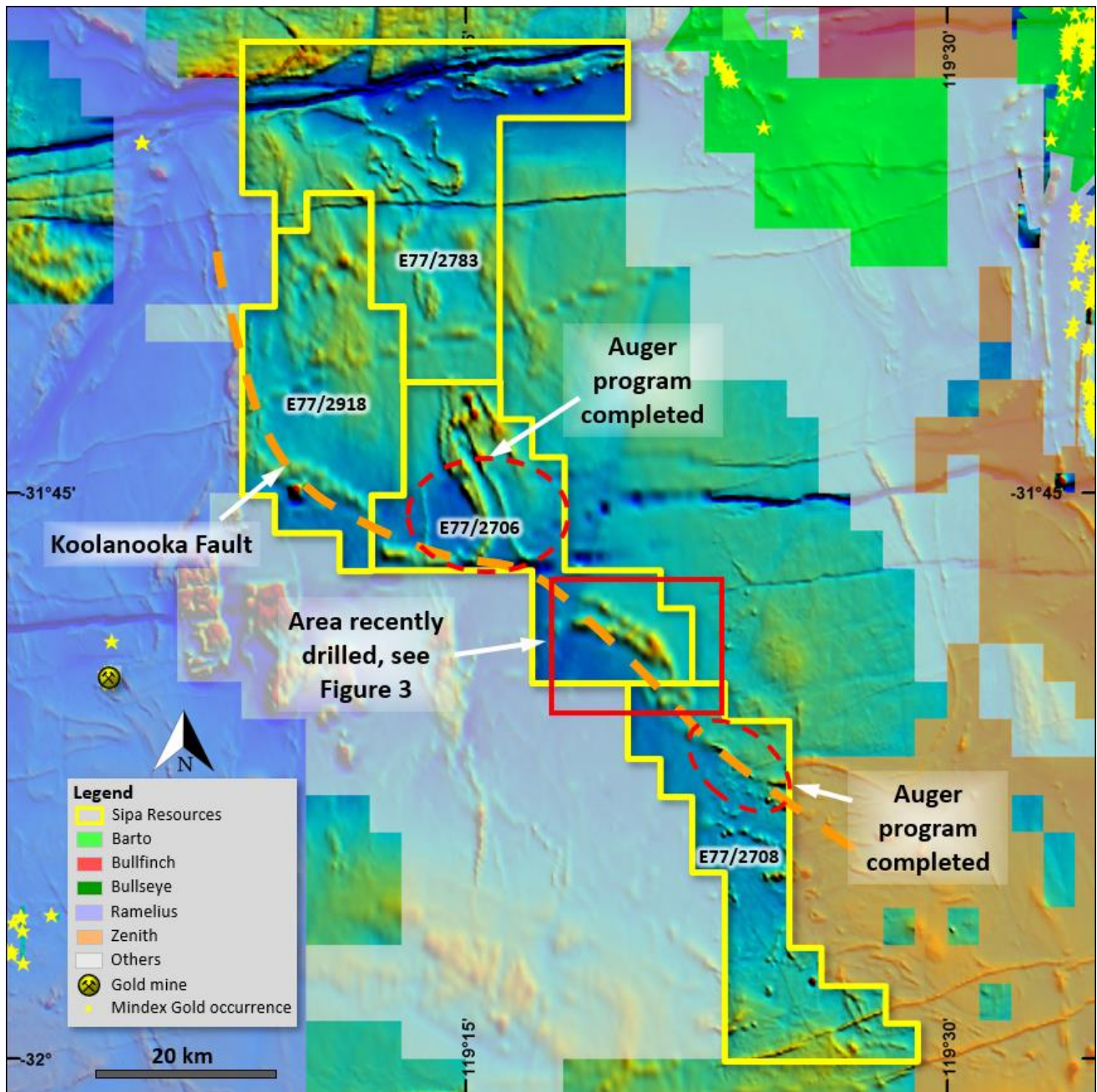


Figure 2: Sipa’s Skeleton Rocks Project and nearby tenement holders in the heart of WA’s Goldfields region. Note the locations of the completed aircore drilling and auger sampling, and the new tenement E77/2918.

As previously advised, Sipa successfully applied for Exploration Incentive Scheme (EIS) funding for the drill program (ASX: SRI 28 October 2021), and the EIS grant has significantly reduced the direct costs to Sipa of the planned drilling.

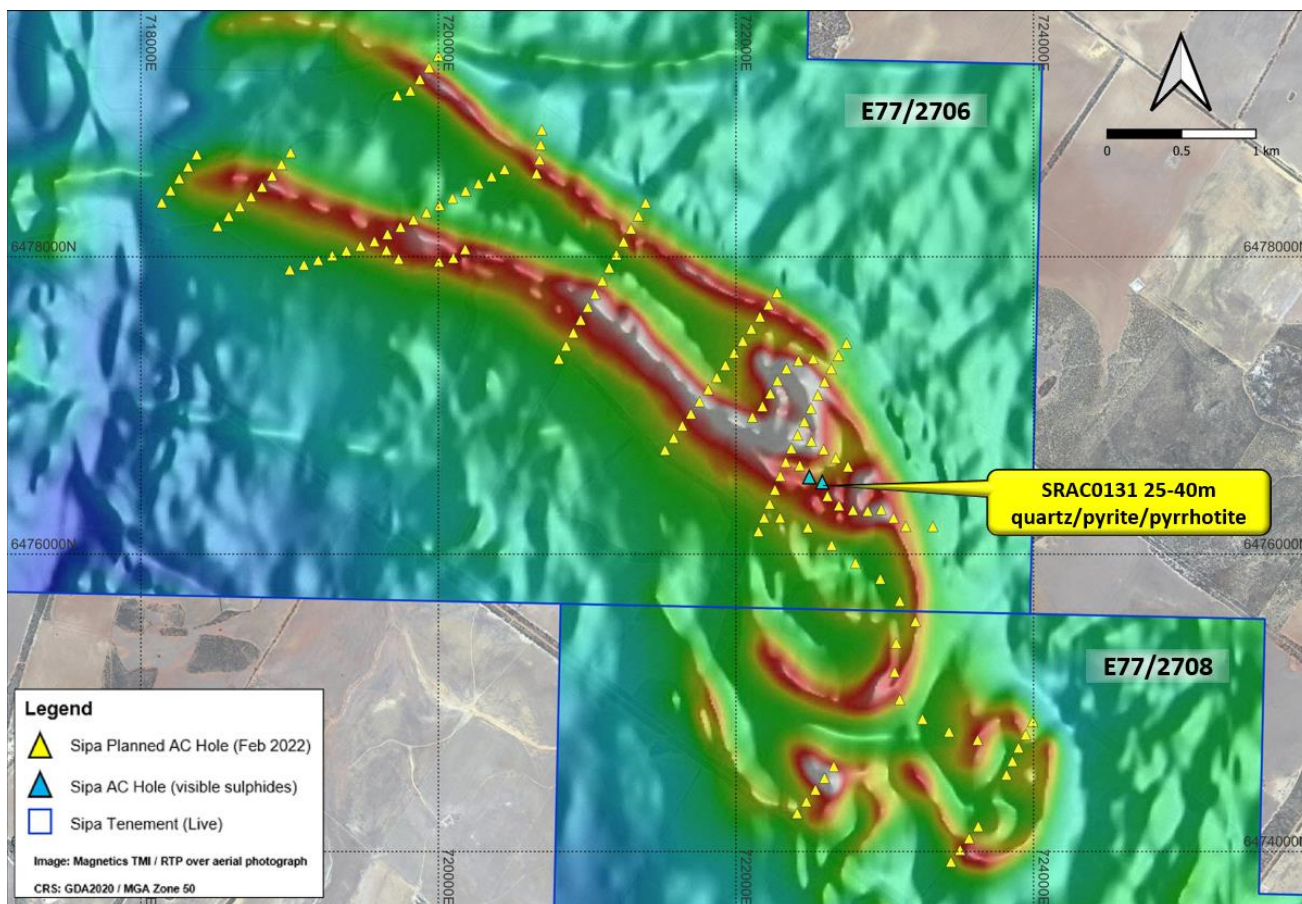


Figure 3: The location of completed and planned drillholes currently testing magnetic anomalies at Sipa's Skeleton Rocks Project. The location of the holes containing visible quartz-pyrite-pyrrhotite veins is shown.

Immediate Additional Auger Follow-up

The close correlation of metal anomalism in auger soil samples to veining in a similar style to gold deposits found in the nearby Southern Cross greenstone belt led Sipa to undertake additional auger programs in other prospective areas (Figure 2). Any further anomalism identified from this second auger program will assist in targeting future drill programs.

Sipa has also scheduled additional aircore drilling at Skeleton Rocks, with commencement dependent upon positive results being received from the remaining aircore program assays, and the recently completed auger program.

Warralong (100% Sipa)

Surface Sampling Results

Post quarter, Sipa Resources reported assay results from a broad spaced (400m x 400m) soil, rock chip and lag sampling program undertaken in 2021 over a portion of its Warralong Project. The sample results are still being fully analysed but have revealed several areas of initial interest. The

sampling program was designed to validate and refine Sipa's existing geophysical targets and potentially identify other targets for future drill testing.

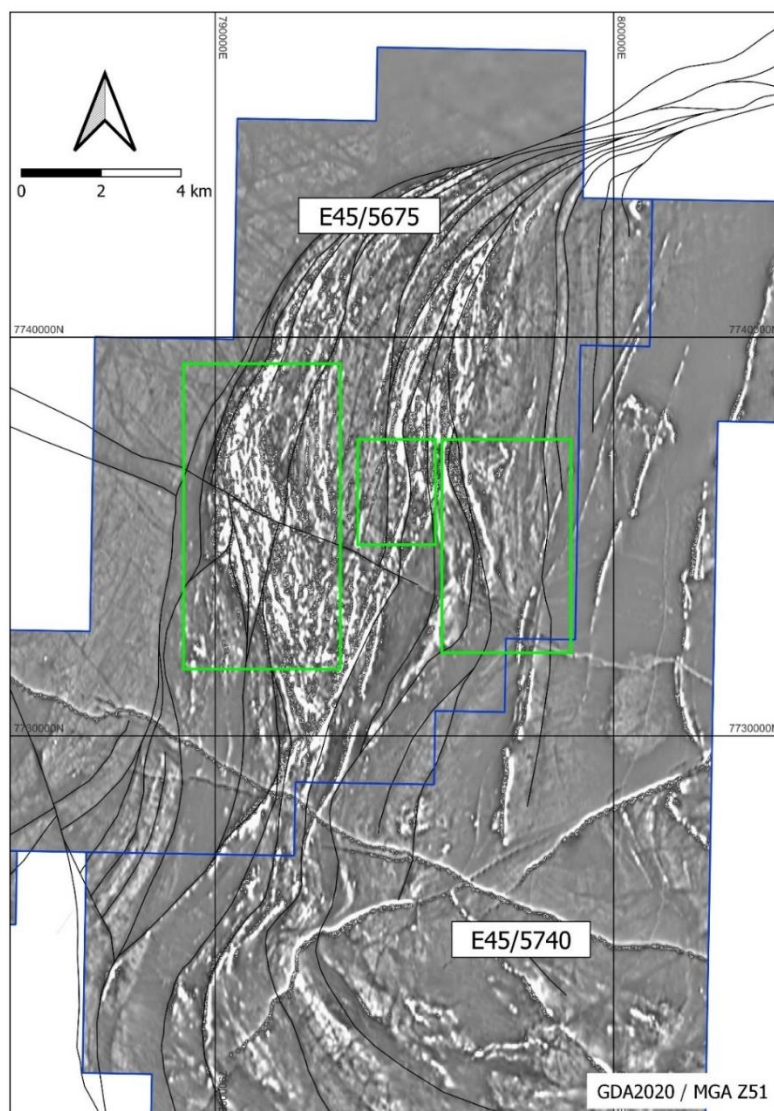


Figure 4: Detailed magnetic imagery over a portion of Sipa's Warralong project with the areas identified for additional detailed sampling outlined in green.

Over 1,000 soil, rock chip and lag samples were collected in late 2021 with the results highlighting key target areas for follow up, typically coinciding with major structural breaks observable in Sipa's detailed magnetic imagery (e.g., Figure 4). An external review of remote sensing information from Sentinel-2 spectral data shows that a number of these anomalies coincide with the spectral responses typical of nearby gold and lithium deposits. A subsequent helicopter-supported field trip was completed to validate the results and collect additional samples, while also confirming access routes for future drilling and other work. Additional detailed surface sampling was completed post quarter-end within the key areas of interest highlighted in Figure 4.

One of Sipa's key Warralong tenement applications, E45/5675 is awaiting grant. This tenement covers a number of the structural and lithological features that underpinned the decision to peg the ground in early 2020. While shown as granites and gneisses on regional Geological Survey of Western Australia maps, Sipa's work indicates that the tenement area in fact has more prospective geology with enhanced potential for mineralisation, including:

- A prominent gravity feature;
- Outcropping mafic and ultramafic rocks; and
- Complex magnetics indicate potentially favourable structures for mineralisation (e.g., Figure 4).

Once this tenement is granted, Sipa will achieve the remaining approvals necessary for drill testing the current targets.

Uganda (100% Sipa, Staged Sale)

Staged Sale of Uganda Nickel-Copper Project

Sipa announced the sale of its Akelikongo Nickel-Copper Project in Uganda to London Stock Exchange listed Blencowe Resources Plc ("**Blencowe**") (**LSE: BRES**). Under the terms of the staged option agreement ("the Agreement"), Sipa will receive US\$1.5M in Blencowe shares staged over four separate milestones, assuming successful advancement through all four stages. This divestment of its remaining offshore asset will allow Sipa a 100% focus on its extensive WA portfolio of gold and base metal projects. The acquisition is structured as a series of options, with Blencowe progressively taking control of Sipa's Ugandan subsidiary.

The acquisition of Sipa's Akelikongo Nickel-Copper Project complements Blencowe's existing Orom-Cross Graphite Project in northern Uganda, with Blencowe currently meeting all of the costs of the Ugandan operations.

Key Deal Terms:

1. **Stage 1** – Blencowe to spend US\$250,000 over first six months to earn 20%. If Blencowe elects to move to Stage 2 then US\$350,000 of BRES stock will be issued to Sipa.
2. **Stage 2** – A further US\$500,000 spent by Blencowe over next six months to earn 30% (cumulative 50%). If Blencowe elects to move to Stage 3 then an additional US\$500,000 of BRES stock will be issued to Sipa.
3. **Stage 3** – A further US\$1M spent by Blencowe over next 12 months to earn 30% (cumulative 80%). If Blencowe elects to move to Stage 4 then an additional US\$650,000 of BRES stock will be issued to Sipa.
4. **Stage 4** – A further US\$1M spent by Blencowe over next 12 months to earn 20% (cumulative 100%) at which point Blencowe will grant a Net Smelter Royalty of 1.5% to Sipa.



Total US\$1.5 million (approximately A\$2.1 million) to be paid for 100% of the Akelikongo project in BRES shares, assuming successful advancement through all four stages above.

5. **Escrow** – each tranche of Blencowe shares will be subject to 6-month escrow

Corporate

Resignation of Director

Mr Tim Kennedy stepped down from his role as Non-Executive Director at Sipa, effective 28 February 2022. Tim, who was previously the Chairman of Sipa and has been on the Company's Board since 2016, has resigned from all his ASX non-executive roles to focus on his new executive position at Yandal Resources Limited. The Board wishes Tim well in his new role.

The Company's cash balance was \$3.3M at quarter end. During the quarter \$125,000 was paid to related parties and their associates for salaries, director's fees, superannuation and accrued entitlements.

Planned Activities June Quarter

- Paterson North – commence drill testing of new targets
- Skeleton Rocks – review assay results still outstanding and potentially undertake follow up drilling dependent on results
- Warralong – review assay results from detailed sampling program just completed
- Murchison – Approvals and heritage surveys ahead of drill testing recently identified targets



About Sipa

Sipa Resources Limited (ASX: SRI) is an Australian-based exploration company focused on the discovery of gold and base metal deposits primarily in Western Australia.

- The Paterson North Copper-Gold Project is located in close proximity to Rio Tinto's Winu discovery, and is being progressed in partnership with Rio Tinto Exploration.
- At Wolfe Basin, extensive sediment-hosted base metal anomalism and gossans have provided several targets for drill testing along a >40km long prospective horizon.
- The Barbwire Terrace Base Metals Project involves an innovative joint venture with petroleum explorer and operator Buru Energy Limited.
- The Warralong Project is prospective for intrusion hosted gold, and lithium-tin-tantalum in the north Pilbara region in a 'look-alike' structural setting to recent discoveries in the district.
- The Skeleton Rocks project covers outcropping and buried greenstone units prospective for gold and nickel-copper-platinum group element (Ni-Cu-PGE) deposits with limited to no drilling ever completed in these areas.
- Sipa's Murchison Project covers major structures and prospective geology in prolific greenstone belts within WA's northern goldfields, with new drill targets recently identified.
- In Uganda, Blencowe Resources Plc is progressively acquiring an interest in Sipa's intrusive-hosted Ni-Cu sulphide discovery with significant scale potential.

This announcement has been authorised for release by the Board of Sipa Resources Limited.

More Information:

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Competent Person's Statement

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Mr Pip Darvall, a Member of the Australian Institute of Geoscientists. Mr Darvall is a full-time employee of Sipa Resources Limited, and has sufficient experience relevant to the styles of mineralisation and types of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Darvall consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



APPENDIX – ASX LISTING RULE 5.3.3

Mining Tenements Held at End of Quarter:

Tenement ID	Project	Location	Tenement Status	Interest at beginning of quarter	Interest at end of quarter
E04/2674	Barbwire Terrace	Western Australia	Granted	50%	50%
E04/2684	Barbwire Terrace	Western Australia	Granted	50%	50%
E04/2721-3	Barbwire Terrace	Western Australia	Application	50%	50%
E20/975	Murchison	Western Australia	Application	100%	100%
E20/1018	Murchison	Western Australia	Application	100%	100%
E45/3599	Paterson North	Western Australia	Granted	89%	92%*
E45/4697	Paterson North	Western Australia	Granted	89%	92%*
E45/5335	Paterson North	Western Australia	Granted	89%	92%*
E45/5336	Paterson North	Western Australia	Granted	89%	92%*
E45/5337	Paterson North	Western Australia	Granted	100%	100%*
E45/5674	Warralong	Western Australia	Application	100%	100%
E45/5675	Warralong	Western Australia	Application	100%	100%
E45/5687	Warralong	Western Australia	Granted	100%	100%
E45/5712	Warralong	Western Australia	Application	100%	100%
E45/5740	Warralong	Western Australia	Granted	100%	100%
E45/5955	Warralong	Western Australia	Application	100%	100%
E51/1709	Murchison	Western Australia	Granted	51%	51%^
E51/1888	Murchison	Western Australia	Granted	51%	51%^
E51/1924	Murchison	Western Australia	Granted	51%	51%^
E51/ 1932	Murchison	Western Australia	Granted	100%	100%
E51/1936	Murchison	Western Australia	Granted	51%	51%^
E51/1963	Murchison	Western Australia	Granted	51%	51%^
E51/1972-3	Murchison	Western Australia	Granted	100%	100%
E51/1989	Murchison	Western Australia	Granted	51%	51%^
E51/2002	Murchison	Western Australia	Granted	100%	100%
E51/2012-15	Murchison	Western Australia	Granted	100%	100%
E77/2706	Skeleton Rocks	Western Australia	Granted	100%	100%
E77/2708	Skeleton Rocks	Western Australia	Granted	100%	100%
E77/2783	Skeleton Rocks	Western Australia	Application	100%	100%
E77/2918	Skeleton Rocks	Western Australia	Application	0%	100%
E80/5344	Wolfe Basin	Western Australia	Granted	100%	100%
E80/5491	Wolfe Basin	Western Australia	Granted	100%	100%
RL1271	Kitgum-Pader	Uganda	Granted	100%	100%

* Paterson North tenements are subject to the Rio Tinto Exploration Farm In and Joint Venture Agreement.

^ Murchison tenements subject to Farm In and Joint Venture Agreements.

The information in this report that relates to Exploration Results and tenement acquisitions was previously reported in the ASX announcements dated 21 and 23 February 2022, 1, 8 and 23 March 2022, and 12 April 2022. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcements.

